

June 15, 2006

To Whom it May Concern at the Federal Trade Commission:

I am writing in regards to your proposed **Business Opportunity Rule, Matter No. R511993**. While I appreciate your efforts to improve awareness, I feel that this approach is inappropriate.

There are two types of direct sellers: those who are successful and those who are not successful. Your proposal feels as though it is a response to some concerns made by the second group. Afterall, those who are successful are not complaining and requesting action from the Federal Trade Commission.

One must then look at why the second group has been unsuccessful. Is it really because the upline advisor did not disclose her earnings? Our literature is very forthcoming about our commission structure. We get paid when we work and only when we work. It's as simple as that. I could provide documentation about my earnings to all of my potential advisors, but that is no guarantee that any of them would make a similar wage. As with any reputable commission-based position, wages are based primarily upon the motivation of the individual. May I suggest that those who are complaining about not being adequately compensated are simply not working enough?

Yes, there are costs associated with doing business. If the real complaint of these people is that there were too many "hidden expenses," may I suggest that they did not take the time to thoroughly research their business opportunity. In our capitalistic society, this has always been, and should always be the responsibility of the entrepreneur. Yes, the company should provide a detailed list of starter kit costs and business supply costs. Those who do not ask for this information upfront have set themselves up for failure. You cannot regulate or force intelligence.

Our company does not require us to buy anything beyond the starter kit. At Lia Sophia, our starter kit costs only \$99, in which our new advisors receive over \$450 worth of jewelry, plus business supplies. Even if an advisor would choose to walk away from the opportunity immediately after purchasing the starter kit, she would still have gained a great deal at the company's expense. All of the promises associated with our starter agreement come from the company, not the new advisor. Why wait seven days to receive these benefits when you have no further commitment or cost?

Has the advisor really been unsuccessful because she did not spend 7 days thinking about her decision before signing her agreement? Many of my new advisors have started in the business because they are hostesses. When we do shows, we offer a monthly special that is applicable only for our fiscal month. If an end-of-the-month hostess decides that she wants to take advantage of the opportunity, and then has to wait 7 days, many of her show orders would have to be recalculated to the customer's disadvantage and the customers would have an additional seven-day waiting period before receiving their product. Who benefits from this? Nobody!

Is a new advisor going to be successful because she saw a list of those who advisors who were unsuccessful? Companies are going to respond by creating lists of currently successful advisors. This seems like a lot of unnecessary paperwork when the real question is not how many were unsuccessful, but why were they unsuccessful. Is not that a question better left to the Better Business Bureaus and the Direct Selling Association? And wouldn't that be something that a smart entrepreneur would check out?

I run my business ethically and work with a legitimate company and would therefore consider myself to be in the "successful" group. Your proposal appears to caution people against direct sales, implying that none of us are making money, many of us fail and quit and that anyone should use caution when considering such a business. These facts are simply not true and to suggest so with such legislation is simply wrong. It is a disservice to those of us in a legitimate industry.

I would hate to see new regulations that would hinder and discourage the average person from following the American dream and pursuing a new business with a reputable company.

Sincerely,

Peg Wedig
Lia Sophia Unit Manager